

Financial Report
Lafourche Parish Library
Thibodaux, Louisiana
For the year ended December 31, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

7/30/08

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Lafourche Parish Library

For the year ended December 31, 2007

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FINANCIAL SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Control,
Lafourche Parish Library,
Thibodaux, Louisiana.

We have audited the accompanying financial statements of the governmental activities and each major fund of the Lafourche Parish Library (the Library), state of Louisiana, a component unit of the Lafourche Parish Council, as of and for the year ended December 31, 2007, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Lafourche Parish Library as of December 31, 2007, and the changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with Government Auditing Standards, we have also issued our report dated March 24, 2008 on our consideration of the Lafourche Parish Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 3 through 8 is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

Thibodaux, Louisiana,
March 24, 2008.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Lafourche Parish Library

The Management's Discussion and Analysis of the Lafourche Parish Library's (the Library) financial performance presents a narrative overview and analysis of the Library's financial activities for the year ended December 31, 2007. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The Library's assets exceeded its liabilities at the close of fiscal year 2007 by \$16,360,851 (net assets), which represents a 12.28% increase from last fiscal year.

The Library's revenue increased \$364,932 (or 8.30%) primarily due to an increase in ad valorem taxes and the decrease in accrued interest income.

The Library did not have a deficit fund balance at December 31, 2007.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Library's financial statements. The Library's annual report consists of three parts: (1) management's discussion and analysis (this section) (2) financial statements and (3) various governmental compliance reports and schedules by certified public accountants and management.

The financial statements include two kinds of statements that present different views of the Library:

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Library's finances, in a manner similar to a private sector business. The statement of net assets presents information on all of the Library's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating. The statement of activities presents information showing how the Library's net assets change during each fiscal year. All changes in net assets are reported as soon as the underlying event giving rise

to the change occurs regardless of the timing related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal period.

The governmental activity of the Library is providing programs and supplies relating to library services to Lafourche Parish residents.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Library has two governmental funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Library maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Capital Projects Fund. The Library adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The governmental fund financial statements can be found on pages 9 - 13 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provide in the government-wide and fund financial statements. The notes to the financial statements can be found in Exhibit F of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the Library's financial position. As of December 31, 2007, assets exceeded liabilities by \$16,360,851.

Investments represent 50.38% of total assets and are comprised of Federal National Mortgage Association Bonds (FNMA), Government Obligation Money Markey Fund and Louisiana Asset Management Pool. Ad valorem taxes and state revenue sharing due from other governments relating to taxes assessed in November 2007 total \$3,081,021 or 15.37% of total assets. A portion of the Library's net assets (40.33%) reflects its investment in capital assets (buildings and improvements; furniture and equipment; vehicles and the library collection). Consequently, the capital assets are not available for future spending.

Condensed Statements of Net Assets

	December 31,		Dollar Change
	2007	2006	
Current and other assets	\$ 13,450,085	\$ 13,084,868	\$ 365,217
Capital assets	6,598,211	5,714,194	884,017
Total assets	20,048,296	18,799,062	1,249,234
Other liabilities	3,687,445	4,228,176	(540,731)
Net Assets:			
Invested in capital assets	6,598,211	5,714,194	884,017
Unrestricted	9,762,640	8,856,692	905,948
Total net assets	\$ 16,360,851	\$ 14,570,886	\$ 1,789,965

Governmental Activities

Governmental activities increased the Library's net assets by \$1,789,965. Key elements of this increase are on the next page:

Condensed Changes in Net Assets

	For the year ended December 31,		Dollar	Total
	2007	2006	Change	Percent
Revenues:				
Program revenues:				
Charges for services	\$ 12,761	\$ 12,180	\$ 581	4.77%
Fines and forfeitures	10,774	11,573	(799)	-6.90%
Grants	77,629	69,236	8,393	12.12%
General revenues:				
Property taxes	3,932,200	3,687,690	244,510	6.63%
Intergovernmental	104,279	104,225	54	0.05%
Miscellaneous	623,250	511,057	112,193	21.95%
Total revenues	<u>4,760,893</u>	<u>4,395,961</u>	<u>364,932</u>	8.30%
Expenses:				
General government	238,473	119,472	119,001	99.61%
Culture and recreation	<u>2,732,455</u>	<u>2,307,365</u>	<u>425,090</u>	18.42%
Total expenses	<u>2,970,928</u>	<u>2,426,837</u>	<u>544,091</u>	22.42%
Increase in net assets	1,789,965	1,969,124	(179,159)	-9.10%
Net assets beginning of year	14,570,886	12,601,762	1,969,124	15.63%
Net assets end of year	<u>\$ 16,360,851</u>	<u>\$ 14,570,886</u>	<u>\$ 1,789,965</u>	12.28%

The Statement of Activities provided answers to the nature and source of changes in net assets. The Library's tax revenues increased from the prior year 6.63%. There was a notable increase in miscellaneous revenue due to the increase of investment earnings resulting from increased investment balance and more favorable rates of return. Culture and recreation expenses increased primarily due to the increase in personal services, other services and charges and depreciation expense.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Library's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Library's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of

the end of the current fiscal year, the Library's governmental fund reported a combined ending fund balance of \$9,752,929 an increase of \$922,651 in comparison with the prior year. The combined ending fund balance is unreserved and available for spending at the Library's discretion. The capital projects fund was created in order for the Library to maintain the building of three new branches.

General Fund Budgetary Highlights

The budget was amended one time during the year. The primary reasons for amending the budget were to prevent compliance violations under state law. The major differences between the original General Fund budget and the final amended budget were as follows:

Revenues

- Ad valorem tax revenues were increased \$110,344 to reflect the receipt of taxes assessed in the prior year.
- Grants increased \$77,000 due to the receipt of the State Library Aid Grant and also the Bill Gates Grant.

Expenditures

- Personal services increased \$65,000 due to the anticipation of hiring new employees.
- Other services and charges increased \$133,125 due to the increase in insurance premiums and claims paid.

For the year ended December 31, 2007, revenues exceeded budgetary estimates while expenditures were less than budgetary estimates.

CAPITAL ASSETS

Capital Assets

The Library's investment in capital assets for its governmental activities as of December 31, 2007, amounts to \$6,598,211 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment; vehicles, and the Library collection (see table below).

	<u>2007</u>	<u>2006</u>
Buildings and improvements	\$ 4,570,388	\$ 4,356,553
Furniture and equipment	1,463,355	1,419,979
Vehicles	103,011	106,867
Library collections	2,599,058	2,529,778
Land	664,030	171,000
Construction in Progress	<u>474,913</u>	<u>105,943</u>
Totals	<u>\$ 9,874,755</u>	<u>\$ 8,690,120</u>

Major capital asset events during the current fiscal year included the following:

- Library collection purchases totaling \$257,015.
- Two vehicles purchased totaling \$48,366.
- Purchase of land for the building of the Thibodaux branch totaling \$493,030.
- Projects at Golden Meadow Branch and Galliano Branch totaling \$166,858.
- \$428,037 was added to CIP for the services performed on the Larose, Lockport and Thibodaux branches.

Additional information on the Library's capital assets can be found in the Note 5, Exhibit F of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Board of Control considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- The ad valorem tax revenue budgeted represents the estimated amount of the November 2007 assessment, which the Library will receive, for the most part, in January 2008.
- Salaries and benefits are based on the number of employees needed to perform necessary services and the related benefits.
- Estimate of operating supplies needed to perform necessary services.
- Detail plan of equipment and furniture and technology maintenance needed to be purchased to set up new buildings if approved by the Lafourche Parish Council.
- Completion of building construction and renovation.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Library's finances for all those with an interest in the Library's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Board of Directors of the Lafourche Parish Library, 303 West Fifth Street, Thibodaux, LA 70301.

**STATEMENT OF NET ASSETS AND
GOVERNMENTAL FUND BALANCE SHEET**

Lafourche Parish Library

December 31, 2007

	General Fund	Capital Projects Fund	Total	Adjustments (Exhibit B)	Statement of Net Assets
Assets					
Cash	\$ 75,113	\$ 1,236	\$ 76,349		\$ 76,349
Investments	3,822,149	6,277,589	10,099,738		10,099,738
Receivables - taxes	173,818	-	173,818		173,818
Due from other governmental units	3,081,021	-	3,081,021		3,081,021
Prepaid insurance	-	-	-	\$ 19,159	19,159
Capital assets:					
Not depreciable	-	-	-	1,138,943	1,138,943
Depreciable, net of accumulated depreciation	-	-	-	5,459,268	5,459,268
Total assets	\$ 7,152,101	\$ 6,278,825	\$ 13,430,926	6,617,370	20,048,296
Liabilities					
Accounts payable and accrued expenditures	\$ 213,454	114,418	\$ 327,872	-	327,872
Due to other governmental units	1,239	-	1,239	-	1,239
Unearned revenue	3,348,886	-	3,348,886	-	3,348,886
Non-current liabilities	-	-	-	9,448	9,448
Total liabilities	3,563,579	114,418	3,677,997	9,448	3,687,445
Fund Balances/Net Assets					
Fund balances:					
Unreserved:					
Designated for future construction	-	6,164,407	6,164,407	(6,164,407)	-
Designated for future technology	1,000,000	-	1,000,000	(1,000,000)	-
Undesignated	2,588,522	-	2,588,522	(2,588,522)	-
Total fund balances	3,588,522	6,164,407	9,752,929	(9,752,929)	-
Total liabilities and fund balances	\$ 7,152,101	\$ 6,278,825	\$ 13,430,926		
Net assets:					
Invested in capital assets				6,598,211	6,598,211
Unrestricted				9,762,640	9,762,640
Total net assets				\$ 16,360,851	\$ 16,360,851

See notes to financial statements.

RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET ASSETS

Lafourche Parish Library

December 31, 2007

Fund Balance - Governmental Funds **\$ 9,752,929**

Amounts reported for governmental activities in
the statement of net assets are different because:

Capital assets used in governmental activities
are not financial resources and, therefore,
are not reported in the governmental fund.

Governmental capital assets	\$ 9,874,755	
Less accumulated depreciation	<u>(3,276,544)</u>	6,598,211

Other assets used in governmental activities
are not financial resources and, therefore,
are not reported in the governmental funds.

Prepaid insurance		19,159
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Non-current liabilities, including bonds
payable, are not due and payable in the
current period and therefore are not reported
in the funds.

Compensated absences payable		<u>(9,448)</u>
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Net Assets of Governmental Activities **\$ 16,360,851**

See notes to financial statements.

**STATEMENT OF ACTIVITIES AND STATEMENT OF
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE**

Lafourche Parish Library

For the year ended December 31, 2007

	General Fund	Capital Project Fund	Total	Adjustments (Exhibit D)	Statement of Activities
Revenues					
Taxes	\$ 3,932,200		\$ 3,932,200		\$ 3,932,200
Intergovernmental:					
State of Louisiana:					
State revenue sharing	104,279		104,279		104,279
Charges for services	12,761		12,761		12,761
Fines and forfeitures	10,774		10,774		10,774
Grants	77,629		77,629		77,629
Miscellaneous:					
Interest	254,439	\$ 287,326	541,765	\$ (9,961)	531,804
Net increase in fair value of investments	52,488	-	52,488	-	52,488
Other	38,958	-	38,958	-	38,958
Total revenues	4,483,528	287,326	4,770,854	(9,961)	4,760,893
Expenditures/Expenses					
Current:					
General government:					
Ad valorem tax adjustment	113,339	-	113,339	-	113,339
Ad valorem tax deductions	125,134	-	125,134	-	125,134
Total general government	238,473	-	238,473	-	238,473
Culture and recreation:					
Personal services	1,525,028	-	1,525,028	2,475	1,527,503
Supplies and materials	115,150	-	115,150	-	115,150
Other services and charges	463,145	-	463,145	4,267	467,412
Repairs and maintenance	70,617	-	70,617	-	70,617
Depreciation	-	-	-	528,341	528,341
Loss on disposal of assets	-	-	-	23,432	23,432
Total culture and recreation	2,173,940	-	2,173,940	558,515	2,732,455
Capital outlay	514,723	921,067	1,435,790	(1,435,790)	-
Total expenditures/expenses	2,927,136	921,067	3,848,203	(877,275)	2,970,928
Excess (Deficiency) of Revenues over Expenditures	1,556,392	(633,741)	922,651	867,314	1,789,965
Other Financial Sources (Uses)					
Operating transfers in	-	1,481,952	1,481,952	(1,481,952)	-
Operating transfers out	1,481,952	-	(1,481,952)	1,481,952	-
Total other financing sources (uses)	(1,481,952)	1,481,952	-	-	-
Net Change in Fund Balance	74,440	848,211	922,651	(922,651)	-
Change in Net Assets	-	-	-	1,789,965	1,789,965
Fund Balance/Net Assets					
Beginning of year	3,514,082	5,316,196	8,830,278	5,740,608	14,570,886
End of year	\$ 3,588,522	\$ 6,164,407	\$ 9,752,929	\$ 6,607,922	\$ 16,360,851

See notes to financial statements.

**RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL
FUND REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE TO THE STATEMENT OF ACTIVITIES**

Lafourche Parish Library

For the year ended December 31, 2007

Net Change in Fund Balance - Governmental Funds	\$ 922,651
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 1,435,790	
Depreciation expense	(528,341)	
Loss on disposal of assets not fully depreciated	<u>(23,432)</u>	
Excess of capital outlay over depreciation expense		884,017

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in funds

Interest revenue	(9,961)
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Some expenditures reported in the governmental funds require the use of current financial resources and are not reported as expenses in the statement of activities.

Prepaid insurance	(4,267)	
Compensated absences	<u>(2,475)</u>	<u>(6,742)</u>

Change in Net Assets of Governmental Activities	\$ <u>1,789,965</u>
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See notes to financial statements.

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**

Lafourche Parish Library

For the year ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 3,600,000	\$ 3,710,344	\$ 3,932,200	\$ 221,856
Intergovernmental:				
State of Louisiana:				
State revenue sharing	104,500	104,280	104,279	(1)
Charges for services	9,000	9,000	12,761	3,761
Fines and forfeitures	8,150	8,450	10,774	2,324
Grants	-	77,000	77,629	629
Miscellaneous:				
Interest	341,000	340,365	254,439	(85,926)
Net increase in fair value of investments	-	-	52,488	52,488
Other	8,600	31,123	38,958	7,835
Total revenues	<u>4,071,250</u>	<u>4,280,562</u>	<u>4,483,528</u>	<u>202,966</u>
Expenditures				
Current:				
General government:				
Ad valorem tax adjustment	-	-	113,339	(113,339)
Ad valorem tax deductions	-	-	125,134	(125,134)
Total general government	<u>-</u>	<u>-</u>	<u>238,473</u>	<u>(238,473)</u>
Culture and recreation:				
Personal services	1,679,000	1,744,000	1,525,028	218,972
Supplies and materials	86,500	93,500	115,150	(21,650)
Other services and charges	379,700	512,825	463,145	49,680
Repairs and maintenance	116,500	101,500	70,617	30,883
Total culture and recreation	<u>2,261,700</u>	<u>2,451,825</u>	<u>2,173,940</u>	<u>277,885</u>
Capital Outlay	<u>505,000</u>	<u>1,000,000</u>	<u>514,723</u>	<u>485,277</u>
Total expenditures	<u>2,766,700</u>	<u>3,451,825</u>	<u>2,927,136</u>	<u>524,689</u>
Excess of Revenues over Expenditures	<u>1,304,550</u>	<u>828,737</u>	<u>1,556,392</u>	<u>727,655</u>
Other Sources				
Transfers out	<u>-</u>	<u>1,656,760</u>	<u>1,481,952</u>	<u>174,808</u>
Net Change in Fund Balance	<u>1,304,550</u>	<u>(828,023)</u>	<u>74,440</u>	<u>902,463</u>
Fund Balance				
Beginning of year	<u>1,525,210</u>	<u>3,514,082</u>	<u>3,514,082</u>	<u>-</u>
End of year	<u>\$ 2,829,760</u>	<u>\$ 2,686,059</u>	<u>\$ 3,588,522</u>	<u>\$ 902,463</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Lafourche Parish Library**

December 31, 2007

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Lafourche Parish Library (the Library) conform to accounting principles generally accepted in the United States of America (GAAP) applied to the governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a) Reporting Entity

The Lafourche Parish Library was established by the Parish governing authority, under the provisions of Louisiana Revised Statute 25:211. The Library provides citizens of Lafourche Parish access to library materials, books, magazines, computers, video and audio media.

The Library is a department within Lafourche Parish (the Parish) for which the Lafourche Parish Council (the Council) appoints an advisory Board of Control (the Board) in accordance with the provisions of Louisiana Revised Statute 25:214. The members of the Board of Control serve without pay. The Library is a component unit of the Council.

The Library has reviewed all of its activities and determined that there are no potential component units which should be included in its financial statements.

b) Basis of Presentation

The Library's financial statements consist of the government-wide statements on all activities of the Library and the governmental fund financial statements (individual major funds).

Government-wide Financial Statements:

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all activities of the Library. The government-wide presentation focuses primarily on the sustainability of the Library as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation (continued)

Fund Financial Statements:

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of Statement No. 34. Emphasis is now on the major funds in governmental categories. The daily accounts and operations of the Library continue to be organized on the basis of a fund and accounts groups, each of which is considered a separate accounting entity. The operations of the fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following are the governmental funds of the Library:

General Fund - The General Fund is the general operating fund of the Library. It is used to account for all financial resources except those that are required to be accounted for in another fund. The General Fund is always a major fund.

Capital Project Fund - The Capital Project Fund is used to account for financial resources to be used for the acquisition, construction and renovation of major capital facilities and is reported as a major fund.

c) Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Government-wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting (continued)

Fund Financial Statements:

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Ad valorem taxes and the related state revenue sharing (Intergovernmental revenue) are recognized as revenue in the period for which levied, thus the 2007 property taxes which are being levied to finance the 2008 budget will be recognized as revenue in 2008. The 2007 tax levy is recorded as unearned revenue in the Library's 2007 financial statements. Charges for services are recorded when earned since they are measurable and available. Fines, forfeitures and miscellaneous revenues are recorded as revenues when received in cash by the Library because they are generally not measurable until actually received. Grant revenues are recognized at the time the Library is entitled to the funds.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Allocations of cost such as depreciation are not recognized in the governmental funds.

d) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Operating Budgetary Data

As required by the Lafourche Parish Council, the Board adopted a budget for the Library's General Fund. The required budgetary practices include public notice of the proposed budget, public inspection of the proposed budget and a public hearing on the budget prior to adoption. Any amendment involving the transfer of monies from one function to another or increase in expenditures must be approved by the Board. The Library amended its budget once during the year. All budgeted amounts which are not expended, or obligated through contracts, lapse at year-end.

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

The General Fund budget presentation is included in the financial statements.

f) Accounts Receivable

The financial statements for the Library contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes and other receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operation of the General Fund.

g) Investments

Investments are stated at fair value as established by open market, except for the Louisiana Asset Management Pool (LAMP). LAMP is an external pool which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC - registered mutual funds to use amortized cost rather than market value to report net assets to compute share prices if certain conditions are met.

Investments during the year consisted of Federal National Mortgage Association (FNMA) Notes, Federal Home Loan Bank Bonds (FHLB), U.S. Treasury Notes, Government Obligation Money Market Fund and LAMP.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets, except the library collection, purchased or acquired with an original cost of \$500 or more are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. The library collection is valued at historical cost. Library collection items disposed of are accounted for at 100% of the average cost of the item. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	20 - 40 years
Furniture and equipment	5 - 10 years
Vehicles	5 years
Library collection	4 - 5 years

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

i) Non-Current Liabilities

The accounting treatment of non-current liabilities depends on whether they are reported in the government-wide or fund financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Non-Current Liabilities (continued)

Government-wide Financial Statements:

All non-current liabilities to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term obligation consists of accumulated unpaid vacation.

Fund Financial Statements:

Non-current liabilities for governmental funds are not reported as liabilities in the fund financial statements.

j) Vacation and Sick Leave

All twelve-month employees earn from 10 to 15 days of vacation leave each year depending on the job classification. Generally, annual leave must be taken within the year it is granted. Upon resignation or retirement, the employees receive payment for available vacation leave, provided they have been employed by the Library for at least a total of 18 months and have given adequate notice of resignation. The liability for these compensated absences is recorded as a long-term obligation in the government-wide statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources.

Full-time employees earn 12 days sick leave each year. Employees can accumulate up to a maximum of 30 days sick leave. Upon resignation or retirement, all accrued sick leave lapses. There is no material accumulated sick leave at December 31, 2007.

k) Fund Equity

Government-wide Statements:

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. At December 31, 2007, the Library did not have debt outstanding.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Fund Equity (continued)

- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

When both restricted and unrestricted resources are available for use, it is the Library’s policy to use restricted resources first, then unrestricted resources as they are needed. As of December 31, 2007 and for the year then ended, the Library did not have or receive restricted net assets.

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

Note 2 - DEPOSITS AND INVESTMENTS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or any other federally insured investment, certificates of deposit of state or national banks having their principal office in Louisiana, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

Bank Deposits:

State law requires deposits (cash) of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished, as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

The year end balances of deposits are as follows:

	<u>Bank Balances</u>	<u>Reported Amount</u>
Cash	<u>\$ 121,727</u>	<u>\$ 76,349</u>

Custodial credit risk is the risk that in the event of a bank failure, the Library's deposit may not be returned to it. The Library has a written policy for custodial credit risk. As of December 31, 2007, \$21,727 of the Library's bank balance of \$121,727 was exposed to custodial credit risk.

At December 31, 2007, cash was adequately collateralized in accordance with state law by securities held by unaffiliated banks for the account of the Library. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statue 39:1229 imposes a statutory requirement on custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Investments:

State statutes authorize the Library to invest in obligations of the U.S. Treasury, agencies and instrumentalities; commercial paper rated AAA 1, 2 or 3; repurchase agreements; and the Louisiana Asset Management Pool.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

At December 31, 2007, the Library had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1-5
Federal National Mortgage Association Consolidated Bonds	\$ 1,550,705	\$ 1,550,705	\$ -
Federated Government Obligation Money Market Fund	6,515,164	6,515,164	-
Louisiana Asset Management Pool (LAMP)	2,033,869	2,033,869	-
Totals	<u>\$ 10,099,738</u>	<u>\$ 10,099,738</u>	<u>\$ -</u>

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Library's investment policy requires the application of the prudent-person rule. The policy states, investments shall be made with the judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. Primary emphasis shall be placed upon the safety of principal secondly to maintain liquidity to meet operating requirements and finally to obtain the most favorable rate of return. The Library's investment policy limits investments to those discussed earlier in this note. LAMP has a Standard & Poor's Rating of AAAm.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in external investment pools are not exposed to custodial credit risk because of their natural diversification and the diversification required by the Securities and Exchange Commission.

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed or backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost. The fair value of participants' position is the same as the value of the pool shares. LAMP is designed to be highly liquid to give it participant's immediate access to their account balances. Investments in LAMP at December 31, 2007 amounted to \$2,033,869 and are classified on the Statement of Net Assets as "Investments".

Note 3 - PROPERTY TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Lafourche Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2004. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2007 was \$8.55 per \$1,000 of assessed valuation on parishwide property for the purpose of maintaining and operating library facilities and programs. As indicated in Note 1c, taxes levied November 1, 2007 and the related state revenue sharing are for budgeted expenditures in 2008 and will be recognized as revenue in 2008.

Exhibit F
(Continued)

Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at December 31, 2007 consisted of the following:

State of Louisiana - State revenue sharing	\$ 110,151
Lafourche Parish Tax Collector - December, 2006 collections remitted to the Library in January, 2007 Ad valorem taxes	<u>2,970,870</u>
Total	<u>\$ 3,081,021</u>

Note 5 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2007 was as follows:

	Balance January 1, 2007	Additions	Deletions	Balance December 31, 2007
Capital assets not being depreciated				
Land	\$ 171,000	\$ 493,030	\$ -	\$ 664,030
Construction in progress	105,943	428,037	(59,067)	474,913
Total capital assets not being depreciated	<u>276,943</u>	<u>921,067</u>	<u>(59,067)</u>	<u>1,138,943</u>
Capital assets being depreciated:				
Buildings and improvements	4,356,553	213,835	-	4,570,388
Furniture and equipment	1,419,979	53,874	(10,498)	1,463,355
Vehicles	106,867	49,066	(52,922)	103,011
Library collection	2,529,778	257,015	(187,735)	2,599,058
Total capital assets being depreciated	<u>8,413,177</u>	<u>573,790</u>	<u>(251,155)</u>	<u>8,735,812</u>
Less accumulated depreciation for:				
Buildings and improvements	(88,262)	(116,402)	-	(204,664)
Furniture and equipment	(763,701)	(166,165)	4,980	(924,886)
Vehicles	(74,212)	(15,031)	35,008	(54,235)
Library collection	(2,049,751)	(230,743)	187,735	(2,092,759)
Total accumulated depreciation	<u>(2,975,926)</u>	<u>(528,341)</u>	<u>227,723</u>	<u>(3,276,544)</u>
Total capital assets, net	<u>\$ 5,714,194</u>	<u>\$ 966,516</u>	<u>\$ (82,499)</u>	<u>\$ 6,598,211</u>

Note 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES

Accounts payable and accrued expenditures at December 31, 2007 consisted of the following:

	<u>General Fund</u>	<u>Capital Projects Fund</u>
Accrued salaries and wages	\$ 22,044	\$ -
Vendors	22,130	114,418
Protest taxes	166,821	-
Payroll taxes and withholdings	<u>2,459</u>	<u>-</u>
	<u>\$ 213,454</u>	<u>\$ 114,418</u>

Note 7 - NON-CURRENT LIABILITIES

Non-current liabilities consist of accumulated unpaid vacation. The following is a summary of the changes in long-term obligations of the Library for the year ended December 31, 2007:

Non-current liabilities, December 31, 2006	\$6,973
Net increase in unpaid vacation	<u>2,475</u>
Non-current liabilities, December 31, 2007	<u>\$9,448</u>

Note 8 - LEASE COMMITMENT

At December 31, 2007, the Library leased buildings for two branches. Rental expense incurred under the leases for the year ended December 31, 2007 was \$32,240. These leases are month-to-month operating leases because management anticipates relocating into Library owned buildings next year.

Note 9 - RISK MANAGEMENT

The Library is exposed to various risks of loss related to workers compensation; torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Library carries commercial insurance. The Library maintains its own commercial policies for general liability coverage and surety bonds and the Library participants in policies maintained by the Council for property, workman's compensation and auto coverages. During 2007, the Library paid the Council \$181,344 for its portion of insurance premiums and claim deductibles. No settlements were made during the year that exceeded the Library's insurance coverage.

Note 10 - COMPENSATION OF BOARD MEMBERS

No compensation was paid to Board Members during the year ended December 31, 2007.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Control,
Lafourche Parish Library,
Thibodaux, Louisiana.

We have audited the financial statements of the governmental activities and each major fund of the Lafourche Parish Library (the Library), a component unit of the Lafourche Parish Council, as of and for the year ended December 31, 2007, which collectively comprise the Library's financial statements and have issued our report thereon dated March 24, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Library's financial statements that is more than inconsequential will not be prevented or detected by the Library's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Library's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Board of Commissioners, management, the Legislative Auditor for the State of Louisiana and others within the entity and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Thibodaux, Louisiana,
March 24, 2008.

SCHEDULE OF FINDINGS AND RESPONSES

Lafourche Parish Library

For the year ended December 31, 2007

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not
considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

b) Federal Awards

Lafourche Parish Library did not expend federal awards during the year ended December 31, 2007.

Section II Financial Statement Findings

No financial statements findings were noted during the audit for the year ended December 31, 2007.

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Lafourche Parish Library

For the year ended December 31, 2007

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2006.
No significant deficiency(ies) were reported during the audit for the year ended December 31, 2006.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2006.

Section II Internal Control and Compliance Material to Federal Awards

Lafourche Parish Library did not expend federal awards during the year ended December 31, 2006.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2006.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Lafourche Parish Library

For the year ended December 31, 2007

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2007.

No significant deficiency(ies) were reported during the audit for the year ended December 31, 2007.

Internal Control

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2007.

Section II Internal Control and Compliance Material to Federal Awards

Lafourche Parish Library did not expend federal awards during the year ended December 31, 2007.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2007.